STARLIGHT U.S. MULTI-FAMILY (NO. 1) VALUE-ADD FUND ANNOUNCES STRONG DEMAND FOR RENOVATED SUITES AND FOURTH QUARTER AND 2017 PERIOD END RESULTS

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Toronto – **March 7, 2018** – Starlight U.S. Multi-Family (No. 1) Value-Add Fund (TSX.V: SUVA.A, SUVA.U) (the "Fund") announced today its results of operations and financial condition for the three months ended December 31, 2017 (the "Fourth Quarter") and for the period from April 24, 2017 (date of formation) to December 31, 2017 ("2017"), a 199-day operating period that commenced following the closing of the Fund's initial public offering (the "Offering") and the acquisition of The Landing at Round Rock in Austin, Texas and Spectra South in Phoenix, Arizona (collectively the "Initial Properties") on June 16, 2017.

All amounts in this press release are in thousands of United States dollars except for average market rent ("AMR") or unless otherwise stated. All references to "C$" are to Canadian dollars. The forecast figures below represent the financial forecast (the "Forecast") as set out in the Fund's final long form prospectus dated June 12, 2017.

Key Highlights for the Fourth Quarter and 2017

- The Fund initiated its value-add capital improvement program and at December 31, 2017 had completed upgrades and re-leased 22 suites achieving an average return on investment of 23.0% and average rent increases of $167 per month, which was above the average rent increase forecasted by the Fund.
- On November 30, 2017 the Fund entered into a variable rate collar contract for a 12-month period to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The 12-month contract allows the Fund to exchange U.S. funds each month within a range of C$1.2680 to C$1.3400.
- The Fund recognized a fair value increase on the Initial Properties of $5,678 during 2017 driven predominantly by capitalization rate compression.
- Revenue from property operations for the Fourth Quarter and 2017 was $3,380 and $7,471, which was 5.0% and 3.5% lower than Forecast, respectively. This variance is primarily due to economic occupancy being lower in the Fourth Quarter, which is typically the slowest leasing period of the year. Economic occupancy was also impacted by additional suites entering the suite upgrade program towards the end of 2017 with the intention to re-lease upgraded suites in the early months of 2018 in order to capitalize on the peak leasing season.
- Net operating income ("NOI") margin for the Fourth Quarter and 2017 was 57.7% and 57.5%, respectively, an improvement over the forecasted amounts of 57.0% and 57.2%.
- NOI was $1,951 and $4,296, 3.8% and 3.0% lower than in the Forecast for the Fourth Quarter and 2017, respectively, predominately due to the lower economic occupancy during the Fourth Quarter.
- Net income and comprehensive income was $527 and $3,514 for the Fourth Quarter and 2017 respectively (Forecast – net loss and comprehensive loss of $429 and $756, respectively). The increases were driven predominantly by the fair value increase on the Initial Properties.
- The Fund's adjusted funds from operations ("AFFO") for the Fourth Quarter and 2017 was $780 and $1,777, 9.5% and 6.2% below the Forecast, respectively, predominantly due to the lower NOI.
- The Fund's AFFO payout ratio since the commencement of operations on June 16, 2017 was 113.9%, however after adjusting for the fact that the Fund had not yet fully deployed the equity raised in the Offering, the revised AFFO payout ratio was 95.1% compared to the Forecast of 89.2%.
- Indebtedness to gross book value was 65.1% as at December 31, 2017, within the Fund's targeted range.
- Interest coverage ratio and indebtedness coverage ratio was 2.01 and 2.04 times for the Fourth Quarter and 2017, respectively.

- As at December 31, 2017, the weighted average interest rate on mortgages payable was 3.41% and the weighted average term to maturity was 2.50 years.

- As at December 31, 2017, the Fund had cash on hand of $7,393. Subsequent to December 31, 2017, the Fund announced that it had acquired a 50% interest in Landmark at Coventry Pointe, a 250-suite value-add property completed in 2002 and located in Atlanta, Georgia, resulting in the full deployment of the proceeds from the Offering. See Subsequent Events.

Financial Condition and Operating Results

		As at December 31, 2017
Operational Information		
Number of properties		2
Total suites		943
Economic occupancy (1)		90.9%
AMR (in actual dollars)	$	1,212
Average monthly rent per square foot (in actual dollars)	$	1.13
Summary of Financial Information		
Gross Book Value		$161,142
Indebtedness		$104,950
Indebtedness to Gross Book Value (2)		65.13%
Weighted average mortgage interest rate		3.41%
Weighted average mortgage term to maturity		2.50 years
	Fourth Quarter	**2017**
Summary of Financial Information		
Revenue from property operations	$3,380	$7,471
Property operating costs	$875	$1,905
Property taxes (3)	$554	$1,270
NOI	$1,951	$4,296
Net income and comprehensive income	$527	$3,514
FFO	$778	$1,773
FFO per unit - basic and diluted	$0.10	$0.22
AFFO	$780	$1,777
AFFO per unit - basic and diluted	$0.10	$0.22
Interest coverage ratio	2.01 x	2.04 x
Indebtedness coverage ratio	2.01 x	2.04 x
FFO payout ratio	129.0%	114.2%
AFFO payout ratio	128.7%	113.9%
Normalized FFO payout ratio (4)	108.6%	95.3%
Normalized AFFO payout ratio (4)	108.3%	95.1%
Weighted average units Outstanding (000s) - basic and diluted	8,181	8,180

(1) Economic occupancy for 2017.

(2) The Fund commenced operations following the acquisition of the Initial Properties on June 16, 2017.

(3) Property taxes were adjusted to exclude the International Financial Reporting Interpretations Committee 21 - *Levies* ("IFRIC 21") adjustment and treat property taxes as an expense that is amortized during the fiscal year for purposes of calculating NOI.

(4) Normalized payout ratios eliminate distributions paid on Offering proceeds not deployed as at December 31, 2017.

As of December 31, 2017, the Fund's AMR was $1,212, a reduction of $15 or 1.2% compared to the Forecast. The Fund's economic occupancy for the Fourth Quarter and 2017 was 88.7% and 90.9% compared to the Forecast of 92.5% and 93.6%, respectively. Indebtedness to gross book value as at December 31, 2017 was 65.2%. The weighted average mortgage interest rate as at December 31, 2017 was 3.41% and the weighted average mortgage term to maturity was 2.50 years.

The Fund's revenue from property operations for the Fourth Quarter and 2017 was $3,380 (Forecast - $3,558) and $7,471 (Forecast - $7,740), respectively. The reduction in revenue from property operations was attributed to slightly slower than expected leasing in the Fourth Quarter due to seasonality. Property operating costs for the Fourth Quarter and 2017 of $875 (Forecast - $893) and $1,905 (Forecast - $1,935) were both slightly below the Forecast. Property taxes for the Fourth Quarter and 2017 were $554 (Forecast - $636) and $1,270 (Forecast - $1,377) and the reductions were attributed to the Fund successfully appealing the valuation for the Landing at Round Rock. NOI was $1,951 for the Fourth Quarter compared to the Forecast of $2,029 and NOI for 2017 was $4,296 compared to the Forecast of $4,428. In both cases, the slight reductions relative to the Forecast were attributed to a slower leasing period in the Fourth Quarter offset by reductions in both property operating costs and property taxes.

AFFO per unit and AFFO payout ratio for 2017 was $0.22 and 113.9%, however the AFFO payout ratio after adjusting for Offering proceeds not yet deployed as of December 31, 2017 was 95.1% compared to the Forecast of 89.2%. AFFO for the Fourth Quarter was $780 (Forecast - $862) and for 2017 was $1,777 (Forecast - $1,895).
Reconciliation of cash provided by operating activities determined in accordance with International Financial Reporting Standards ("IFRS") to AFFO for the Fourth Quarter and 2017 is provided below:

	Fourth Quarter	2017
Cash (used in) provided by operating activities	$ -	$ 1,913
Less: interest paid	(886)	(1,878)
Cash used in operating activities - including interest paid	$ (886)	$ 35
Add / (Deduct):		
Change in non-cash operating w orking capital	3,510	2,269
Change in restricted cash	(1,156)	(404)
Fair value adjustment of investment properties relating to IFRIC 21	(629)	2
Unrealized foreign exchange loss	-	3
Sustaining capital expenditures and suite renovation reserves	(59)	(128)
AFFO	$ 780	$ 1,777

Subsequent Events

On January 9, 2018, the Fund announced it had acquired a 50% interest in Landmark at Coventry Pointe, a 250-suite value-add property located in Atlanta, Georgia for $17,563. The remaining 50% interest in the property was indirectly acquired by Daniel Drimmer, a Director and Chief Executive Officer of the general partner of the Fund and the principal of the Fund's Manager. All decision making in respect of Landmark at Coventry Pointe, including day-to-day material decisions, will be jointly made by Mr. Drimmer and the Fund through established governance practices.

The Fund's share of the acquisition price was partly financed by the Fund's share of a first mortgage of $12,070 with the balance provided by cash proceeds from the Offering. As part of the Fund's business plan, the property will be repositioned to a modern standard with upgraded suite finishes and attractive common areas and amenity spaces. The terms of the mortgage provide for an additional $3,648 to fund value-add initiatives at the property.

About Starlight U.S. Multi-Family (No. 1) Value-Add Fund

The Fund is a limited partnership formed under the *Limited Partnerships Act* (Ontario) for the primary purpose of indirectly acquiring, owning and operating a portfolio of value-add, income producing rental properties in the United States multi-family real estate market. The Fund currently owns interests in three properties, consisting of interests in 1,193 suites with an average year of construction in 2003.

For the Fund's complete consolidated financial statements and management's discussion and analysis ("MD&A") for the Fourth Quarter and 2017, and any other information relating to the Fund, please visit www.sedar.com. Further details regarding the Fund's unit performance and distributions, market conditions where the Fund's properties are located, performance by the Fund's properties and a capital investment update are also available in the Fund's March 2018 Newsletter which is available on the Fund's profile at www.starlightus.com.

Non-IFRS Financial Measures

The Fund's consolidated financial statements are prepared in accordance with IFRS. Certain terms used in this press release including AFFO, AFFO payout ratio, AMR, economic occupancy, FFO, FFO payout ratio, gross book value, indebtedness, indebtedness coverage ratio, indebtedness to gross book value, interest coverage ratio and NOI (collectively, the "non-IFRS measures") as well as other measures discussed elsewhere in this press release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The Fund uses these measures to better assess the Fund's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on non-IFRS measures are set out in the Fund's MD&A for the period from April 24, 2017 (date of formation) to December 31, 2017 and are available on the Fund's profile on SEDAR at www.sedar.com

To learn more about Starlight U.S. Multi-Family (No. 1) Value-Add Fund, visit www.starlightus.com or contact:

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